

BP HOLDINGS NORTH AMERICA LIMITED
(Registered No 06034588)

ANNUAL REPORT AND ACCOUNTS 2010

Board of Directors B E Grote
 R C Harrington
 D Sanyal



REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2010

Results and dividends

The loss for the year after taxation was \$32,055,037,000 which, when added to the retained profit brought forward at 1 January 2010 of \$71,513,879,000 together with total paid interim dividend to ordinary shareholders of \$2,625,788,000 gives a total retained profit carried forward at 31 December 2010 of \$36,833,054,000

During the year the company has declared and paid ordinary dividends of \$2,625,788,000 (2009 \$21,000,000,000) and preference dividends of \$nil (2009 \$nil) The directors do not propose the payment of a final dividend

Principal activity and review of the business

The company holds the group investment in BP America Inc BP America Inc has been reviewed for impairment as a result of the Gulf of Mexico incident The impairment charge has been calculated as \$32,666,937,000

On 29 December 2010 the Australian dollar deposit of AUD\$4,700,000,000 was converted to USD eliminating the exchange exposure in the company

No key financial and other performance indicators have been identified for this company

Principal risks and uncertainties

The company aims to deliver sustainable value by identifying and responding successfully to risks Risk management is integrated into the process of planning and performance management at a group level Monitoring and accountability for the management of these risks occur through quarterly performance reviews at a group level

Consider carefully the risks described below, the potential impact of their occurrence on the business, financial condition and results of operations on the company

Company level risks have been categorised against the following areas compliance and control, and financial risk management In addition, we have also set out a further category of risk for your attention – those resulting from the Gulf of Mexico oil spill (the Incident)

BP HOLDINGS NORTH AMERICA LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Gulf of Mexico oil spill

The Gulf of Mexico oil spill has had and could continue to have a material adverse impact on BP as a group, and consequently may also have an adverse impact on BP Holdings North America Limited

There is significant uncertainty in the extent and timing of costs and liabilities relating to the Incident, the impact of the Incident on the reputation of the BP group and the resulting possible impact on the company's ability to access new opportunities. There is also significant uncertainty regarding potential changes in applicable regulations and the operating environment that may result from the Incident. These increase the risks to which the group and therefore the company are exposed to. These uncertainties are likely to continue for a significant period. Thus, the Incident has had, and could continue to have, a material adverse impact on the group's business, competitive position, financial performance, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda, particularly in the US.

The BP group income statement for the year ended 31 December 2010 includes a pre-tax charge of \$40.9 billion in relation to the Gulf of Mexico oil spill. The total amounts that will ultimately be paid by the BP group in relation to all obligations relating to the Incident are subject to significant uncertainty and the ultimate exposure and cost to the BP group will be dependent on many factors. The risks associated with the Incident could also heighten the impact of the other risks to which the company is exposed as further described below. Further information on the Incident, is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2010.

Compliance and control risks

Reporting

External reporting of financial and non-financial data is reliant on the integrity of systems and people. Failure to report data accurately and in compliance with external standards could result in regulatory action, legal liability and damage to the company's reputation.

Financial risk management

The main financial risks faced by the company through its normal business activities are market risk and foreign currency exchange risk. The management of these financial risks is performed at BP group level. The company seeks to maintain a financial framework to ensure that it is able to maintain an appropriate level of liquidity and financial capacity. This framework constrains the level of assessed capital at risk for the purposes of positions taken in financial instruments. Failure to accurately forecast or maintain sufficient liquidity and credit to meet these needs could impact the company's ability to operate and result in a financial loss.

Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. This includes the possibility that changes in foreign currency exchange rates, interest rates or oil, natural gas and power prices will adversely affect the value of the company's financial assets, liabilities or expected future cash flows. The management of such risks is performed at BP group level. The group has developed a control framework aimed at managing the volatility inherent in certain of its natural business exposures. In accordance with this control framework the group enters into various transactions using derivatives for risk management purposes.

BP HOLDINGS NORTH AMERICA LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Financial risk management (continued)

Foreign currency exchange risk

Fluctuations in foreign exchange rates can have significant effects on the company's reported results. The company's financial assets and liabilities give rise to transactional currency exposures. Such exposures arise from transactions in a currency other than the company's functional currency. The management of such risks is performed at BP group level. BP's foreign exchange management policy is to minimise economic and significant transactional exposures arising from currency movements against the US dollar. The group co-ordinates the handling of foreign exchange risks centrally, by netting off naturally occurring opposite exposures wherever possible and then dealing with any material residual foreign exchange risks. For highly probable forecast capital expenditures the group locks in the US dollar cost of non US dollar supplies by using currency forwards and futures.

Going concern

The directors consider that, despite the uncertainties deriving from the current economic environment and the loss reported for the year, the company has adequate resources to continue in operational existence for the foreseeable future.

Directors

The present directors are listed on page 1.

There have been no director appointments or resignations since 1 January 2010.

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006.

Policy and practice on payment of creditors

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company with payments made in accordance with the relevant contractual payment terms. A copy of the code of practice may be obtained from the CBI.

The number of days' purchases represented by trade creditors at the year-end was nil.

Auditors

In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the company's auditor for the next year.

BP HOLDINGS NORTH AMERICA LIMITED

REPORT OF THE DIRECTORS

Directors' statement as to the disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information

By Order of the Board



Pritul Shah
For and on behalf of
Sunbury Secretaries Limited
Company Secretary

29 SEPTEMBER 2011

Registered Office
Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP HOLDINGS NORTH AMERICA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period. In preparing these accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts.

BP HOLDINGS NORTH AMERICA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BP HOLDINGS NORTH AMERICA LIMITED

We have audited the financial statements of BP Holdings North America Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the accounting policies and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

DAVID CANNING-JONES (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30th September 2011

BP HOLDINGS NORTH AMERICA LIMITED

ACCOUNTING POLICIES

Accounting standards

These accounts are prepared in accordance with applicable UK accounting standards

Accounting convention

The accounts are prepared under the historical cost convention

Statement of cash flows

The group accounts of the ultimate parent undertaking contain a consolidated cash flow statement. The company has taken advantage of the exemption granted by the Financial Reporting Standard No 1 (Revised), whereby it is not required to publish its own cash flow statement

Group accounts

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 400 (1) of the Companies Act 2006. The results of subsidiary and associated undertakings are dealt with in the consolidated accounts of the ultimate parent undertaking, BP plc, a company registered in England and Wales. These accounts present information about the company as an individual undertaking and not about the group.

Foreign currency transactions

Foreign currency transactions are initially recorded in dollars by applying the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities are translated into dollars at the rate of exchange ruling at the balance sheet date. Exchange differences are included in the profit and loss account.

Interest

Interest is charged against income in the year in which it is incurred.

Dividends payable

Final dividends are recorded in the accounts in the year in which they are approved by the company's shareholders. Interim dividends are recorded in the year in which they are approved and paid.

Investments

Fixed asset investments in subsidiaries are held at cost. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

BP HOLDINGS NORTH AMERICA LIMITED

ACCOUNTING POLICIES

Trade and other debtors

Trade and other debtors are carried at the original invoice amount, less allowances made for doubtful receivables. Provision is made when there is objective evidence that the company will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Trade and other creditors

Trade and other creditors are carried at payment or settlement amounts. If the effect of the time value of money is material, trade and other creditors are determined by discounting the expected future cash flows at a pre-tax rate.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Non-equity shares are held as a liability and the dividend paid is included within the interest charge for the year. Equity instruments issued by the company are recorded at the proceeds, net of direct issue costs.

Use of estimates

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

BP HOLDINGS NORTH AMERICA LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$000	2009 \$000
Dividend income		-	10,000,000
Administration expenses		562,156	(36,530)
Profit / (loss) on ordinary activities before interest and taxation	1	562,156	9,963,470
Interest payable and similar charges	4	(172,455)	(430,698)
Interest receivable and similar income	5	222,199	8,005
Amounts provided against fixed assets	3	(32,666,937)	-
(Loss)/Profit before taxation		(32,055,037)	9,540,777
Taxation	6	-	-
(Loss)/Profit for the year		(32,055,037)	9,540,777

The loss of \$32,055,037,000 for the year ended 31 December 2010 has derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2010

There are no recognised gains or losses attributable to the shareholders of the company other than the loss of \$32,055,037,000 for the year ended 31 December 2010 (2009 profit of \$9,540,777,000)

BP HOLDINGS NORTH AMERICA LIMITED

(Registered No 06034588)

BALANCE SHEET AT 31 DECEMBER 2010

	Note	<u>2010</u> \$000	<u>2009</u> \$000
Fixed assets			
Investments	8	67,333,063	100,000,000
Current assets			
Debtors – amounts falling due			
Within one year	9	251,977	25,703
After one year	9	4,756,604	4,198,510
Creditors: amounts falling due within one year	10	(9,094)	(9,185)
Net current assets		4,999,487	4,215,028
TOTAL ASSETS LESS CURRENT LIABILITIES		72,332,550	104,215,028
Creditors: amounts falling due after more than one year	10	(31,163,385)	(28,365,038)
NET ASSETS		41,169,165	75,849,990
Represented by			
Capital and reserves			
Called up share capital	12	4,336,111	4,336,111
Profit and loss account	13	36,833,054	71,513,879
SHAREHOLDERS' FUNDS		41,169,165	75,849,990
EQUITY INTERESTS			

On behalf of the Board


Roger Harrington
Director

29 September 2011

BP HOLDINGS NORTH AMERICA LIMITED**NOTES TO THE ACCOUNTS****1 Profit / (loss) on ordinary activities before interest and taxation**

This is stated after (crediting)/ charging

	<u>2010</u>	<u>2009</u>
	\$000	\$000
Exchange (gain) / loss on foreign currency borrowings less deposits	(558,086)	36,512

2 Auditor's remuneration

	<u>2010</u>	<u>2009</u>
	\$000	\$000
Fees for the audit of the company	13	18

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of BP Holdings North America Limited's ultimate parent, BP p l c , are required to disclose non-audit fees on a consolidated basis

3. Exceptional items

	<u>2010</u>	<u>2009</u>
	\$000	\$000
Exceptional items	32,666,937	-

Exceptional items of \$32,666,937,000 (2009 \$nil) relate to amounts provided in respect of investments in subsidiaries. This provision has no taxable effect.

This impairment loss has been calculated by reference to the value in use calculation in which a discount rate of 12% has been applied for all assets in countries other than Angola, Indonesia, Iraq and Algeria where 14% has been applied.

4. Interest payable and similar charges

	<u>2010</u>	<u>2009</u>
	\$000	\$000
Interest expense on Loans from group undertakings	172,455	430,698

5. Interest receivable and similar income

	<u>2010</u>	<u>2009</u>
	\$000	\$000
Interest income from group undertakings	222,199	8,005

BP HOLDINGS NORTH AMERICA LIMITED**NOTES TO THE ACCOUNTS****6. Taxation**

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010. No corporation tax has been provided because another group company, BP International Limited, has undertaken to procure the claim or surrender of group relief to the extent it is required and to provide for any current or deferred tax that arises without charge.

The following table provides a reconciliation of the UK statutory corporation tax rate to the effective current tax rate on profit before taxation.

	<u>2010</u>	<u>2009</u>
	\$000	\$000
(Loss)/Profit before taxation	(32,055,037)	9,540,777
Current taxation		
Effective current tax rate	0%	0%
	<u>2010</u>	<u>2009</u>
	%	%
UK statutory corporation tax rate	28	28
Increase / (decrease) resulting from		
Double taxation relief	-	(41)
Non-deductible expenditure / non-taxable income	(28)	12
Free group relief	-	1
Effective current tax rate	<u>-</u>	<u>-</u>

7. Directors and employees**(a) Remuneration of directors**

None of the directors received any fees or remuneration for services as a director of the company during the financial year (2009: \$Nil).

B E Grote is a director of BP plc (the ultimate parent undertaking) in whose accounts the information required by the Companies Act 2006 as regards to emoluments is given. The remaining directors are senior executives of, and are remunerated by, BP plc and received no remuneration for services to this company or its subsidiary undertakings.

(b) Employee costs

The company had no employees during the year (2009: Nil).

BP HOLDINGS NORTH AMERICA LIMITED**NOTES TO THE ACCOUNTS****8. Investments**

	Subsidiary shares
Cost	\$000
At 1 January 2010	100,000,000
At 31 December 2010	<u>100,000,000</u>
Amounts provided	
At 1 January 2010	-
Charge for the year	32,666,937
At 31 December 2010	<u>32,666,937</u>
Net book amount	
At 31 December 2010	<u>67,333,063</u>
At 31 December 2009	<u>100,000,000</u>

The investment in the subsidiary undertaking is unlisted

The subsidiary undertaking of the company at 31 December 2010 and the percentage of equity capital held is set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name.

Subsidiary undertakings	Class of share held	%	Country of incorporation	Principal activity
BP America Inc	Ordinary	100	USA	Holding company

9. Debtors

	2010 Within 1 year \$000	2010 After 1 year \$000	2009 Within 1 year \$000	2009 After 1 year \$000
Amounts owed by group undertakings	251,977	4,756,604	25,703	4,198,510
	<u>251,977</u>	<u>4,756,604</u>	<u>25,703</u>	<u>4,198,510</u>

10. Creditors

	2010 Within 1 year \$000	2010 After 1 year \$000	2009 Within 1 year \$000	2009 After 1 year \$000
Amounts owed to group undertakings	9,094	31,163,385	9,185	28,365,038
	<u>9,094</u>	<u>31,163,385</u>	<u>9,185</u>	<u>28,365,038</u>

BP HOLDINGS NORTH AMERICA LIMITED**NOTES TO THE ACCOUNTS****11. Loans**

Loans repayable, included within creditors, are analysed as follows

	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
	Within	After	Within	After
	5 years	5 years	5 years	5 years
	\$000	\$000	\$000	\$000
Wholly repayable	31,163,385	-	28,365,038	-
	<u>31,163,385</u>	<u>-</u>	<u>28,365,038</u>	<u>-</u>

12. Called up share capital

	<u>2010</u>	<u>2009</u>
	\$000	\$000
Allotted, called up and fully paid		
1,000,010,000 Ordinary shares of \$0.10 each for a total nominal value of \$100,001,000.00	100,001	100,001
4,700,000,000 Cumulative Redeemable Preference shares of AUD\$1.00 each for a total nominal value of AUD\$4,700,000,000.00	4,236,110	4,236,110
	<u>4,336,111</u>	<u>4,336,111</u>

13. Capital and reserves

	<u>Called up share capital</u>	<u>Profit and loss account</u>	<u>Total</u>
	\$000	\$000	\$000
At 1 January 2010	4,336,111	71,513,879	75,849,990
Loss for the year	-	(32,055,037)	(32,055,037)
Dividends – current year interim paid	-	(2,625,788)	(2,625,788)
At 31 December 2010	<u>4,336,111</u>	<u>36,833,054</u>	<u>41,169,165</u>

In 2010 the company has paid interim ordinary dividends for \$2,625,788,000. The dividend per share was \$0.0263 (2009 dividend per share \$0.21).

14. Reconciliation of movements in shareholders' funds

	<u>2010</u>	<u>2009</u>
	\$000	\$000
Loss for the year	(32,055,037)	9,540,777
Dividends – current year interim paid	(2,625,788)	(21,000,000)
Issue of ordinary share capital	-	4,236,110
Net decrease in shareholders' funds	<u>(34,680,825)</u>	<u>(7,223,113)</u>
Shareholders' funds at 1 January	75,849,990	83,073,103
Shareholders' funds at 31 December	<u>41,169,165</u>	<u>75,849,990</u>

BP HOLDINGS NORTH AMERICA LIMITED

NOTES TO THE ACCOUNTS

15. Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions entered into with group companies. There were no other related party transactions in the year.

16. Pensions

The company does not directly employ any staff and therefore does not directly bear any pension charge.

17. Immediate and ultimate parent undertaking

The immediate parent undertaking of this company is BP plc, a company registered in England and Wales. The ultimate parent undertaking of the group of undertakings for which group accounts are drawn up, and of which the company is a member, is BP plc, a company registered in England and Wales. Copies of BP plc's accounts can be obtained from 1 St James's Square, London, SW1Y 4PD.